addition, the khadi institutions of the NER are also eligible to avail loans towards working capital from the banks as per their assessed requirements at concessional rate of interest under the Interest Subsidy Eligibility Certificate (ISEC) Scheme, where the institutions have to bear interest liability only at the rate of 4 per cent per annum while the difference between the actual lending rate and 4 per cent is borne and paid by the Central Government through KVIC to the lending bank directly.

Also under the recently introduced 'Prime Minister's Employment Generation Programme' (PMEGP), under which entrepreneurs can establish 'micro enterprises' as defined in the "Micro, Small and Medium Enterprises Development Act, 2006", in the rural as well as urban areas throughout the country and the entrepreneurs in NER are required to bring in lower beneficiary contribution and avail higher margin money assistance under special category as shown in the table below:—

| Categories of beneficiaries under PMEGP | Beneficiary's Contribution (of project cost) | Rate of Subsidy (of project cost) | |
|---|---|---|---|
| | | Urban | Rural |
| Area (location of project/unit) | | | |
| General Category | 10% | 15% | 25% |
| Special Category (including SC/ST/OBC/ Minorities/Women, Ex-servicemen, Physically handicapped, NER, Hill and Border areas etc.) | 05% | 25% | 35% |

**Sick industries in Andhra Pradesh**

1013. SHRI NANDAMURI HARIKRISHNA:
SHRI M.V. MYSURA REDDY:
SHRI PENUMALLI MADHU:

Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

(a) whether it is a fact that more than 5,500 micro, small and medium units are sick in the State of Andhra Pradesh;

(b) whether it is also a fact that more than 38,500 micro, small and medium enterprises in Andhra Pradesh are closed;

(c) if so, the number of people who have become unemployed and the number of families affected due to (a) and (b) above; and

(d) whether his Ministry is planning to address this problem and help the above units?

THE MINISTER OF STATE OF THE MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI DINSHA J. PATEL): (a) to (c) As per the data compiled by the Reserve

Bank of India (RBI) from the scheduled commercial banks, there were 5,201 sick micro and small enterprises (MSEs) in the State of Andhra Pradesh at the end of March 2009. Information in respect of medium enterprises is not being collated by the RBI. As per the quick results of Fourth All India Census of Micro, Small and Medium Enterprises (MSME), out of 42,360 registered MSMEs in Andhra Pradesh as on 31st March, 2007, the number of MSMEs found closed were reported to be 13,370. Information in respect of people who have become unemployed and the number of families affected due to sickness/closure of MSMEs is not maintained centrally.

(d) The Ministry of Micro, Small and Medium Enterprises does not provide any direct financial assistance for rehabilitation of sick micro and small enterprises (MSEs). However, financial assistance, by way of debt restructuring, including fresh loans, for the rehabilitation of sick MSE is provided by the primary lending institutions (PLIs), including commercial banks, which provide credit to the MSEs. For this purpose, the RBI has issued detailed guidelines to banks in January, 2002 on detection of sickness in MSE at an early stage and taking remedial measures and for rehabilitation of sick MSEs identified as potentially viable. RBI has also issued guidelines on 8th September 2005, based on the "Policy Package for Stepping up Credit to Small and Medium Enterprises (SMEs)" announced by the Central Government on 10th August 2005. These guidelines relate, *inter alia*, to viability criteria, prudential norms for restructured accounts, provision of additional finance and time-frame for working out the restructuring package and its implementation. Further, based on the recommendations of the Working Group under the chairmanship of Dr. K.C. Chakrabarty, the then Chairman and Managing Director, Punjab National Bank, the RBI has advised all scheduled commercial banks on May 4, 2009 to consider, for speedy implementation, the recommendations made with regard to timely and adequate flow of credit to the MSE sector. The Banks have also been advised to apply the RBI's guidelines on debt restructuring optimally and in letter and spirit and put in place their own non-discretionary one-time settlement (OTS) policy for this sector.

**Foreign Direct Investment in MSEs**

1014. MS. MABEL REBELLO: Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

(a) whether to help cash-strapped micro and small enterprises and to attract higher overseas investment, Government has liberalized the FDI norms for the sector, replacing the current 24 per cent ceiling on foreign holding with the sectoral caps;

(b) if so, whether these industries will now be guided like other large enterprises as far as the FDI is concerned;

(c) whether the present policy on FDI in MSE permits FDI subject only to the sectoral equity caps, entry routes and other relevant regulations; and

(d) if so, to what extent these easier FDI guidelines have helped the small scale sector?